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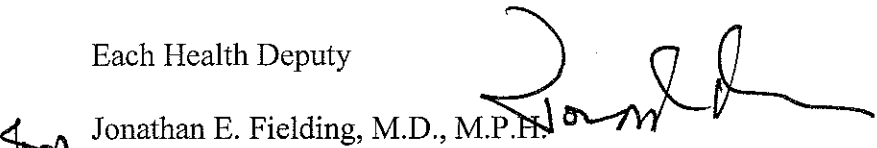
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December 13, 2010

TO: Each Health Deputy

FROM:  Jonathan E. Fielding, M.D., M.P.H.  
Director and Health Officer

SUBJECT: **NOTICE TO TERMINATE A CONTRACT WITH APEX FOUNDATION,  
A DRUG/MEDI-CAL AGENCY**

This is to inform you that the Department of Public Health (DPH) is terminating its contract with Apex Foundation because they have ceased providing services and have vacated their State Drug Medi-Cal (DMC) certified site. The agency was located at 7231 Santa Monica Boulevard, Los Angeles, California 90046, in the Third Supervisorial District.

On November 5, 2008, the Board of Supervisors delegated the authority to the Director of DPH, or his designee, to terminate contracts with agencies for DMC program services, following County Counsel review and approval, and notification to the Board and the Chief Executive Office.

Attached is a list of deficiencies found during an attempted audit of the agency on August 25, 2010.

If you have any questions or need additional information, please let me know.

JEF:mak  
10-24564  
10-24626

Attachment

c: Sheila Shima  
Robert Ragland  
Jonathan E. Freedman  
Doraine Meyer  
Tami Omoto-Frias  
John Viernes, Jr.

**COUNTY OF LOS ANGELES – DEPARTMENT OF PUBLIC HEALTH  
SUBSTANCE ABUSE PREVENTION AND CONTROL**

**APEX FOUNDATION  
CONTRACT TERMINATION REPORT  
December 2010**

**BACKGROUND**

Apex Foundation has been under Contract with the County of Los Angeles Department of Public Health, Substance Abuse Prevention and Control (SAPC) to provide Drug/Medi-Cal (DMC) services since Fiscal Year 2004-2005. Apex's most recent Annual Audit was attempted on August 25, 2010. At the time of the attempted unannounced audit, it was discovered that the agency had ceased operation and vacated the building.

**METHODOLOGY**

After having found the Apex DMC Certified location occupied by another business, SAPC staff contacted Ms. Faina Bash, Program Director, and was told the agency vacated due to an emergency. Subsequent conversations and a face-to-face meeting provided additional information regarding the move and the nature of the emergency.

**SERIOUS DEFICIENCIES**

The following is a summary of the serious deficiencies related to Apex's cessation of services and abandonment of their certified treatment location:

1. **Requirement:** In accordance with the California State Department of Alcohol and Drug Programs (SDADP), Alcohol and Other Drug Program Certification Standards, Section 7000c., which states, "A certification shall automatically terminate, prior to the expiration date stated on the certificate, whenever the program moves operation of the program from the location identified on the certificate to another location without notifying and submitting documents to the Department (as specified in Section 7005), and Section 7005a.1, which states, "At least 30 days prior to the move, the program shall submit to the Department written notification..." and, Section 7005c., which states, "If the program fails to comply with the requirements of subsection a. of this section, the certification shall terminate as of the date that operation of the program is moved..." and in accordance with your SAPC Services Agreement, Paragraph 15, entitled CONTRACTOR'S OFFICE, which states, "Contractor shall notify County, in writing, of any changes made to Contractor's primary business address... at least ten (10) days prior to the effective date thereof."

**Finding:** Upon arrival to conduct an unannounced audit, the auditor found that Apex Foundation had ceased providing Drug/Medi-Cal services at its State certified site. Instead, the auditor found a different business occupying that building. Staff contacted Contractor by telephone and was told that the agency moved out because of medical problems with family members and that the building's owner, Contractor's Board President's son, needed the building for other purposes.

2. **Requirement:** In accordance with the Additional Provisions of your SAPC Services Agreement, Paragraph 14.B, entitled, Participant Records, which states, "Contractor shall maintain adequate participant records in accordance with State laws and regulations and with the procedures specified in the Los Angeles County Substance Abuse Prevention and Control

— Description of Service Activities – July 1, 1993, and the Department of Public Health Substance Abuse Program Contract Financial Handbook. Contractor shall maintain adequate service records (e.g., recovery, treatment) on each participant... Such records shall be retained for a minimum of five (5) years following the expiration or termination of this Agreement, or until Federal, State, and/or County audit findings applicable to such services are resolved, whichever is later, and shall be retained by Contractor at a location in Los Angeles County, or with prior written authorization by SAPC in any other Southern California location...”

Finding: Contractor is currently holding clients' charts in a location that has not been approved by the State of California for the provision of Drug/Medi-Cal services or for the purposes of storage.

3. Requirement: In accordance with SDADP Drug Medi-Cal Certification Standards for Substance Abuse Clinics, Paragraph II.G.4.b., which states, “To prevent a lapse in certification in the event that the provider moves the operation of the clinic or satellite site to a new location due to an emergency resulting from natural disaster (e.g., flood, earthquake, or other natural disaster that could not have been prevented), building catastrophe (e.g., fire, explosion, plumbing or sewer system damage, vandalism), health and safety issue (e.g., epidemic, outbreak of disease), or 60-day or less notice of loss of lease, the provider shall prior to the move, notify ADP of the necessity of the move and the address where the clinic or satellite will be relocating. Within 60 days after the date of the move, the provider shall submit to ADP an application for certification including a fire clearance (as described in Section III.A.) and a use permit (as described in Section III.B.), description of the emergency necessitating the move, and a statement affirming that there is no change to the program other than the relocation due to emergency. If the provider fails to comply with this requirement, clinic certification shall terminate as of the 61<sup>st</sup> day after the date of the move.”

Finding: When contacted by the Senior Contract Program Auditor (SCPA) and questioned as to why the agency had vacated its State certified location without notifying SAPC or SDADP, Contractor stated that it was an emergency move necessitated by the fact that they were told to vacate by the buildings owner. Contractor also stated that she had discussed her plan to move with her assigned Contract Program Auditor (CPA). According to that CPA, this discussion happened during a telephone conversation in April or May 2010 and clearly showed that the Contractor already intended to vacate the building. Additionally, Contractor stated to the SCPA, “Of course my son wasn’t going to just throw us out.” Her son is the owner of the building that Apex Foundation occupied. Therefore, by Contractor’s own admission, her stated “emergency” move does not meet the criteria as set forth in the SDADP Drug/Medi-Cal Certification Standards for Substance Abuse Clinics. Consequently, Contractor’s move is not deemed an “emergency” move. The vacating of the premises was pre-planned.

## **CONCLUSION**

Based upon the above facts, it is recommended that the Contractual Agreement between the County of Los Angeles and Apex Foundation be terminated immediately.